

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
SPECIAL MEETING
OCTOBER 14, 2008

1. DOCKET NO. 10-14-08-1

Petition by MOBAY STORAGE HUB LLC, a Delaware limited liability company, whose address is 5847 San Felipe, Suite 3050, Houston, Texas 77057, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order for approval of the underground storage of gas for the proposed North Dauphin Island Gas Storage Facility pursuant to Section 9-17-150, et seq., Code of Alabama (1975). Petitioner further requests that the Board enter an order designating the horizontal and vertical boundaries of the proposed North Dauphin Island Gas Storage Facility, including a reasonable buffer zone for the purpose of insuring the safe operation of the gas storage facility and to protect the storage facility against pollution, invasion, and the escape or migration of gas therefrom.

Petitioner proposes that the horizontal boundary, including the buffer zone of the proposed North Dauphin Island Gas Storage Facility, consist of the following Tracts or portions thereof:

All of Tract 72 and all of Tract 73; the West Half of the West Half of Tract 74; the North Half of Tract 90 and the North Half of Tract 91; and the West Half of the Northwest Quarter of Tract 92, all Offshore Mobile County, Alabama, as shown on plats entitled "State of Alabama, Chart of Submerged State Lands, Oil and Gas Lease Tracts" dated May 1984, Project No. 2, 5-L-27, Revised October 31, 1990, together with all landed and submerged areas which would be included within each Tract, or portion thereof, if each boundary line thereof were extended in a straight line from corner to corner.

Although portions of the west end of Dauphin Island are included within the proposed North Dauphin Island Gas Storage Facility, all storage wells, observation wells, pipelines and other facilities will be located on submerged offshore lands leased by Petitioner from the State of Alabama, Department of Conservation and Natural Resources, in the Natural Gas Storage Lease No. 1, dated January 30, 2008.

Petitioner proposes the underground reservoir to be used for underground storage of gas to be within the Dauphin Sand, being that interval of Miocene Age sand found between 1,868 feet measured depth and 1,964 feet measured depth, as indicated on the Dual Induction Log of the ARCO State Lease 686 Well No. 1, Permit No. 7236-OS-37, located in the aforementioned Tract 73, and all zones correlative therewith, with proposed vertical buffers of 200 feet above and 200 feet below said Dauphin Sand.

Petitioner is also requesting that the Board designate MOBAY STORAGE HUB LLC, as the Storage Facility Operator for the proposed North Dauphin Island Gas Storage Facility in accordance with the provisions of Section 9-17-150, et seq., Code of Alabama (1975), as amended.

BOARD ACTION: Granted 10-14-08
ORDER NO. 2008-161

2. DOCKET NO. 4-14-08-7A

Continued amended petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order approving an exception to Rule 3(b) of the Special Field Rules for the Coal Fire Creek Field, Pickens County, Alabama, for the exceptional location of the Cunningham 16-12 #2 Well, Permit No. 5881. Petitioner proposes to re-enter and complete said well on a 320-acre unit consisting of the West Half of Section 16, Township 18 South, Range 14 West, Pickens County, Alabama, at a location 2,300 feet from the South line and 330 feet from the West line of said Section 16. Said Rule 3(b) requires that wells drilled in said Field be located at least 660 feet from every exterior boundary of the drilling unit, and the proposed location of the referenced well is only 330 feet from the West line of the 320-acre drilling unit for said well.

In the proposed re-entry, Petitioner desires to test the Benton Sand Gas Pool as defined in the Special Field Rules for the Coal Fire Creek Field and also test the Tuscumbia and Millerella Sands. Excluded from the re-entry tests are the Carter, Lewis and Fayette Sand Gas Pools. There are two producing wells in the said West Half of Section 16, one producing from the Lewis Sand Gas Pool and another producing from the Fayette Sand Gas Pool with one well in the Carter Sand Gas pool that is no longer producing.

BOARD ACTION: Continued 10-14-08

3. DOCKET NO. 8-26-08-7B

Continued petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order rescinding Board Orders 97-154 and 98-85 that force pooled, with imposition of the risk compensation fee, all tracts and interests in the Pennsylvanian and Mississippian age strata in a 320-acre unit consisting of the West Half of Section 16, Township 18 South, Range 14 West, Pickens County, Alabama, in the Coal Fire Creek Field. The Board in Order No. 97-154, issued on December 19, 1997, force pooled interests for the re-entry of the Jabsco Oil LLC Carpenter/Shirley 16-3 #1 Well, Permit No. 4637-A. The Board in Order No. 98-85, issued on July 24, 1998, force pooled interests for the drilling of the Gulf States Paper 16-6 #1 Well, Permit No. 11459. Petitioner seeks to have said Orders rescinded in order to allow Petitioner to re-enter the Cunningham 16-12 # 2 Well, Permit No. 5881 and attempt to complete a well in either the Tuscumbia or Millerella Sands.

BOARD ACTION: Continued 10-14-08